e–Toyo Global Stationery Sdn Bhd v Toyo Ink Sdn Bhd & Ors; The Registrar of Trade Marks (Interested Party)

HIGH COURT (KUALA LUMPUR) — ORIGINATING MOTION NO D5–21–29 OF 2004
RAMLY ALI J
13 SEPTEMBER 2004

Evidence — Affidavit — Affidavit evidence — Disputed facts — Absence of oral evidence or cross examination — Whether court must ignore disputed facts in deciding a case

Trade marks — Registered trade mark — Action for infringement — Application to expunge from register — Application filed after series of infringement proceedings initiated against applicant — Whether abuse of process of court — Application to expunge from register for 'non-use' — How much constitutes 'use' — Whether applicant required to establish prima facie case of 'non-use' — Trafficking — What is trafficking in trade mark — Claiming rights under unregistered trade mark — Trade Marks Act 1976 ss 46(1), 82(1)

Trade marks — Registered trade mark — Expungement — Infringement of registered trade mark and passing off — Likelihood of deception or confusion — Fraud on the register — Whether there was proof — Trade Marks Act 1976 ss 14(a), 48(1) and 48(7)

Since 20 March 1979, the first respondent has been registered proprietor of the trade mark 'TOYO' ('the trade mark') in Class 16 for various types of stationary goods. Since 25 July 2002, the second respondent became a registered user of the trade mark which was duly registered on the trade marks register on 11 October 2002. Since 3 March 2004, a third party, Toyo Stationery Corporation (M) Sdn Bhd (not a party to this action) became a registered user and has the licence or was authorised to use the trade mark on stationery goods by way of a novation cum registered user agreement. As early as 1993 till today, the applicant claimed to have started purported 'use' under common law. The applicant's purported claim of right to 'purported use' under common law seemed to be grounded on another entity's alleged right to 'use' the trade mark and this entity was Great Door (M) Sdn Bhd wherein the deponent of the various affidavits and managing director of the applicant and one Quek How Liang were co-shareholders and co-directors. The applicant also claimed that Great Door (M) Sdn Bhd had on 19 April 1994 filed an application for registration of the trade mark but this application was refused by the registrar of trade marks and the registrar cited the presence of two similar trade marks on the register. The applicant, under its former name Toyopen Marketing (M) Sdn Bhd had on 8 April 2002 filed an application for registration for 'e-TOYO' in Class 16 but this application was also refused by the registrar of trade marks on 24 April 2003 and the registrar cited the presence of a similar registered

mark. The applicant under its former name Toyopen Marketing (M) Sdn Bhd had claimed 'purported use' of 'e-TOYO' on stationery goods in Class 16 since 1 January 2003 based on a memorandum of understanding between Great Door (M) Sdn Bhd and Toyopen Marketing (M) Sdn Bhd. The present originating motion was filed by the applicant (after the respondents initiated a series of infringement proceedings against the applicant and its aides and abettors) for rectification of the register of trade marks by seeking for orders *inter alia* that the second respondent be expunged and removed as registered user of the 'TOYO' mark from the register of trade marks as the entry in the register was made without sufficient cause or an entry wrongfully remaining in the Register; and for 'non-use'. Relying on ss 45(1)(a) and 46(1) of the Trade Marks Act 1976, the applicant raised the following issues:

(i) The applicant's common law right to use the trade mark 'TOYO' since as early as 1993;

(ii) The applicant's right to use the trade mark 'TOYO' based on memorandum of understanding dated 20 December 2002;

(iii) The first respondent did not have *bona fide* intention to 'use' the trade mark 'TOYO' in Malaysia;

(iv) The first respondent trade mark 'TOYO' was registered without good faith to "use" and that it was not used for a continuous period of 23 years;

(v) The second respondent was merely 'trafficking' in the trade mark;

(vi) The registration of the second respondent as a registered user was contrary to ss 14 and 48(7) of the Trade Marks Act 1976.

In response, the respondents had denied all the said allegations and had also raised further facts and issues. The applicant had presented various documents to which the respondents questioned their authenticity and admissibility. The evidence in the proceeding was adduced by way of affidavits from both sides. No witness was called to give oral evidence to support the said application. The court had to determine the case based only on the disputed facts from the affidavits.

Held, dismissing applicant's originating motion with costs:

(1) In resolving a dispute based only on disputed facts from affidavits, the court has to be critical of the affidavit evidence. In the absence of oral evidence or cross-examination on the affidavits, the court has to ignore the disputed allegations and decide the fate of this case by consideration of the undisputed facts only (see para 13).

(2) Trafficking is used to signify the exploitation of a well-known invented name where the author or promoter of the name (that is the registered proprietor) licenses or purports to license its use on the goods to traders who have no other connection with the licensor (see para 31).

(3) The respondent had shown that the use of the said trade mark as genuine and in good faith on their part. Therefore, it does not matter how limited it has been in use during the relevant period. The onus is upon the applicant to establish that there has been no use in good faith of the said trade mark by the respondents during the relevant period. The applicant has failed to establish a *prima facie* case of 'non-use' (see para 54).

(4) Section 82(1) of the Trade Marks Act 1976 clearly provides that no person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark. To file the present application under the circumstances of the case clearly is an abuse of the process of court (see para 65).

(5) In the present case, the applicant failed to prove that the said trade mark was likely to cause confusion at the time when it was first registered and there is no proof to show that the likelihood of causing deception (if any) resulted from some blameworthy act of the respondents (see para 75).

(6) The applicant did not adduce any evidence of complaints of the quality of the goods bearing the trade mark TOYO'. Therefore, the applicant's bare assertion that the respondents could not exercise control over the use of the trade mark and the quality of the goods was a non-issue, thus nullifying the issue of fraud (see para 79).

[**Bahasa Malaysia summary**

Semenjak 20 Mac 1979, responden pertama telah didaftarkan sebagai pemilik tanda niaga 'TOYO' ('tanda niaga tersebut') di bawah kelas 16 untuk pelbagai jenis alat tulis. Sejak 25 Julai 2002, responden kedua telah mendaftarkan diri sebagai pengguna tanda niaga tersebut dengan mendaftarkan di dalam pendaftaran tanda niaga pada 11 Oktober 2002. Semejak 3 Mac 2004, pihak ketiga, Toyo Stationery Corporation (M) Sdn Bhd (yang tidak merupakan satu pihak kepada tindakan semasa) menjadi pengguna berdaftar dan memperoleh lesen untuk mengguna tanda niaga tersebut melalui satu perjanjian novasi dan pengguna. Seawal 1993 sehingga sekarang, pemohon, menuntut bahawa ia telah memulakan 'penggunaan' di bawah common law. Tuntutan pemohon melalui 'penggunaan' di bawah common law adalah bersandar pada hak satu lagi entiti iaitu Great Door (M) Sdn Bhd untuk menggunakan tanda niaga tersebut di mana deponen pelbagai afidavit dan pengarah urusan kepada

pemohon serta Quek How Liang adalah pemegang saham dan juga pengarah syarikat tersebut. Pemohon juga mendakwa bahawa Great Door (M) Sdn Bhd telah pada 19 April 1994 memohon untuk mendaftarkan tanda niaga tersebut tetapi permohonan tersebut telah ditolak oleh pendaftar tanda niaga atas alasan terdapat dua tanda niaga yang sama telah didaftar. Pemohon, di bawah nama sebelumnya, Toyopen Marketing (M) Sdn Bhd telah pada 8 April 2002 memohon untuk mendaftarkan 'e–TOYO' dalam kelas 16 tetapi permohonan ini juga ditolak oleh pendaftar tanda niaga pada 24 April 2003 atas alasan kewujudan tanda niaga yang sama yang telah didaftar. Pemohon di bawah nama sebelumnya Toyopen Marketing (M) Sdn Bhd telah menuntut penggunaan 'e–TOYO' ke atas pelbagai alat tulis dalam kelas 16 sejak 1 Januari 2003 berdasarkan memorandum kesefahaman di antara Great Door (M) Sdn Bhd dan Toyopen Marketing (M) Sdn Bhd. Notis usul pemula ini telah difailkan oleh pemohon (selepas responden-responden memulakan beberapa tindakan kemungkiran terhadap pemohon dan pembantunya) untuk memperbetulkan pendaftaran hak niaga dengan memohon bagi satu perintah antara lain bahawa responden kedua dikeluarkan dari menjadi pengguna berdaftar tanda 'TOYO' dari buku daftar atas sebab pendaftaran dalam buku daftar dibuat tanpa kausa yang mencukupi atau pendaftaran yang masih wujud dengan salah; dan untuk tiada 'penggunaan'. Bersandarkan ss 45(1)(a) dan 46(1) Akta Tanda Niaga 1976, pemohon menimbulkan isu-isu berikut:

(i) Hak pemohon di bawah undang-undang untuk menggunakan tanda niaga 'TOYO' sejak 1993;

(ii) Hak pemohon menggunakan tanda niaga 'TOYO' berdasarkan memorandum kesefahaman bertarikh 20 Disember 2002;

(iii) Responden pertama tidak mempunyai niat *bona fide* untuk menggunakan tanda niaga 'TOYO' di Malaysia;

(iv) Tanda niaga responden pertama 'TOYO' telah didaftarkan dengan ketidakjujuran untuk menggunakannya dan ianya tidak digunakan untuk tempoh berturut-turut 23 tahun;

(v) Responden kedua hanya 'mengedar' tanda niaga tersebut;

(vi) Pendaftaran responden kedua sebagai Pengguna Berdaftar bertentangan kepada s 14 dan 48(7) Akta Tanda Niaga 1976.

Sebagai balasan, pihak responden telah menafikan kesemua tuduhan tersebut dan menimbulkan fakta-fakta serta isu-isu yang lain. Pemohon telah mengemukakan pelbagai dokumen di mana responden-responden mempersoalkan kesahihan dan penerimaannya. Keterangan di dalam prosiding ini dimajukan melalui afidavit oleh kedua belah pihak. Tiada saksi yang dipanggil untuk memberi keterangan secara lisan bagi menyokong permohonan pemohon. Mahkamah

terpaksa menyelesaikan kes in berdasarkan fakta-fakta dipertikaikan di dalam afidavit.

Diputuskan, menolak notis usul pemula pemohon dengan kos:

(1) Dalam menyelesaikan kes ini berdasarkan kepada fakta-fakta yang dipertikaikan melalui afidavit, mahkamah mestilah kritikal kepada keterangan afidavit. Dalam ketiadaan keterangan lisan atau soal balas terhadap keterangan afidavit, mahkamah tidak harus ambil kira fakta yang dipertikaikan dan memutuskan kes ini berdasarkan fakta-fakta yang tidak dipertikaikan sahaja (lihat perenggan 13).

(2) Pengedaran digunakan untuk eksploitasi nama terkemuka di mana pengarang atau promoter nama tersebut (iaitu pemilik yang berdaftar) melesenkan atau kononnya melesenkan kegunaan barang-barang kepada pedagang yang tidak mempunyai sebarang talian lain dengan pelesen (lihat perenggan 31).

(3) Responden telah menunjukkan bahawa penggunaan tanda niaga tersebut adalah benar dan dengan kepercayaan yang baik bagi pihak mereka. Oleh itu, adalah tidak penting berapa terhad ia digunakan bagi tempoh berkenaan. Ia tertakluk kepada pemohon untuk membuktikan yang penggunaan tanda niaga tidak digunakan dengan niat baik oleh responden-responden. Pemohon gagal membuktikan kes *prima facie* bagi ketidakgunaan (lihat perenggan 54).

(4) Seksyen 82(1) Akta Tanda Niaga 1976, menyatakan bahawa tiada sesiapapun berhak memulakan sebarang tindakan untuk mencegah atau untuk kerugian yang dialami bagi kemungkiran tanda niaga yang tidak didaftarkan. Pemfailan permohonan ini dalam keadaan ini adalah penyalahgunaan proses mahkamah (lihat perenggan 65).

(5) Dalam kes ini, pemohon gagal membuktikan tiada bukti yang boleh diterima dari pemohon bahawa tanda niaga tersebut menimbulkan keadaan kekeliruan semasa ia pertama kali didaftarkan dan tiada bukti untuk menunjukkan terdapat kemungkinan penipuan (jika ada) adalah kerana tindakan responden yang harus disalahkan (lihat perenggan 75).

(6) Pemohon tidak mengemukakan sebarang bukti mengenai aduan tentang kualiti barang yang menggunakan tanda niaga 'TOYO'. Oleh itu, tuduhan pemohon semata-mata yang responden-responden tidak dapat mengawal kegunaan tanda niaga tersebut dan kualiti barang-barang tidak boleh menjadi satu isu di hadapan mahkamah ini, dan dengan itu memansuhkan isu penipuan (lihat perenggan 79).

Notes

For cases on affidavit evidence, see 7(1) *Mallal's Digest* (4th Ed, 2003 Reissue) paras 219–228

For cases of application to expunge registered trade marks, see 12 *Mallal's Digest* (4th Ed, 2002 Reissue) paras 1866–1881

For cases of infringement of registered trade marks, see 12 *Mallal's Digest*(4th Ed, 2002 Reissue) paras 1766–1791 and 1864–1865

Cases referred to

American Greeting Corp's Application, Re [1984] 1 All ER 426 (refd)

Bastich Trade Mark (Validity) [1963] RFC 183 (refd)

Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd [1997] 4 MLJ 360 (refd)

GE Trade Mark (1873) HL RFC 297(refd)

Holman v Johnson (1775) 1 Cowp 341, (1775–1882) All ER 981 (refd)

Joseph Crosfield & Sons Ltd, Re (1910) 26 RFC 837 CA (refd)

'Nodoz' Trade Mark [1962] RPC 1 (refd)

Registrar of Trade Marks v W & G Du Cros Ltd (1913) 30 RPC 660 HL (refd)

Scott v Doerning McNab & Co (1892) 2QB 724; (1891–1994) All ER Rep 654 (refd)

Syarikat Telekom Malaysia v Business Chinese Directory Sdn Bhd [1996] 3 MLJ 692 (folld)

Legislation referred to

Rules of the High Court 1980 O 8 r 3, O 87 r 2

Trade Marks Act 1976 ss 14(a), 36, 37, 38(1), 45, 45(1)(a), (b), 46(1)(a), (b), 48(1), (4), (5),(7), 82(1)

Ngan Siong Hing (Angie Neoh Hoo Sim with him) (Abbas & Ngan) for the applicant.
EE Tee Gin (EE & Associates) for the respondents.

Ramly Ali J:

[1] This is an application by the applicant, by way of originating motion, under ss 45(1)(a) and 46(1)(a) of the Trade Marks Act 1976 for rectification of the register of trade marks.

[2] In effect, the applicant seeks the court to grant it two main orders, namely:

(i) The second respondent be expunged and removed as registered user of the 'TOYO' mark from the register of trade marks as the entry in the register was made without sufficient cause or an entry wrongfully remaining in the register; and

(ii) that the registered trade mark TOYO' (Trade Mark Registration No M081817) in Class 16 'for various types of colour ink for pen, ball pen, and printing ink and stationery' in the name of the first respondent be expunged and removed for 'non-use' from the register of trade marks, Malaysia.

Brief Background Facts

[3] Since 20 March 1979, the first respondent has been registered proprietor of the trade mark 'TOYO' in Class 16 for 'various types of colour ink for pen, ball pen and printing ink and stationery', and the said trade mark has been renewed till 28 March 2010.

[4] Since 25 July 2002, the second respondent became a registered user and has the licence or was authorised to 'use' the 'TOYO' mark on stationery goods by way of a registered user agreement which was duly registered on the trade marks register on 11 October 2002.

[5] Since 3 March 2004, a third party, Toyo Stationery Corporation (M) Sdn Bhd (not a party to this action) became a registered user and has the licence or was authorised to 'use' the 'TOYO' mark on stationery goods by way of a novation cum registered user agreement, which was duly registered on the trade marks register on 23 March 2004.

[6] As early as 1993, till today the applicant purportedly claimed to have started purported 'use' under common law, the 'TOYO' mark on stationery (a sub-class of Class 16 goods). The applicant's purported claim of right to 'purported use' under common law seemed to be grounded on another entity's alleged right to 'use' the 'TOYO' mark and this entity was Great Door (M) Sdn Bhd wherein one Ho Ser Cheng, the deponent of the various affidavits and managing director of the applicant and one Quek How Liang were co-shareholders and co-directors.

[7] The applicant also claimed that Great Door (M) Sdn Bhd had, on 19April 1994, filed an application for registration for the 'TOYO' mark in Class 16, under Application No 94–03014, but this application was refused by the registrar of trade marks on 28 July 1995 and the registrar cited the presence of two similar trade marks on the register, one of which is M081817.

[8] The applicant, under its former name Toyopen Marketing (M) Sdn Bhd had on 8 April 2002 filed an application for registration for 'e-TOYO' in Class 16 under Application No. 02–03691, but this application was also refused by the registrar of trade marks on 24 April 2003 and the registrar cited the presence of a similar registered mark, ie M081817.

[9] The applicant under its former name Toyopen Marketing (M) Sdn Bhd had claimed 'purported use' of 'e-TOYO' on stationery goods in Class 16 since 1 January 2003 based on a memorandum of understanding between Great Door (M) Sdn Bhd (signed by Quek How Liang as director) and Toyopen Marketing (M) Sdn Bhd (signed by Ho Ser Cheng as director).

[10] The present originating motion was filed by the applicant after the respondents initiated a series of infringement proceedings such as warning letters to aides and abettors of the applicant as well as two infringement suits, one of which is against the applicant itself.

[11] The applicant is seeking to rely on ss 45(1)(a) and 46(1) of the Trade Marks Act 1976 to rectify and/or expunge the first respondent registered trade mark 'TOYO' and the second respondent as registered user of the 'TOYO' mark from the register of the trade marks and has raised many alleged facts and issues such as:

(i) the applicant's common law right to use the trade mark 'TOYO' since as early as 1993;

(ii) the applicant's right to use the trade mark 'TOYO' based on memorandum of understanding dated 20 December 2002;

(iii) the first respondent did not have *bona fide* intention to 'use' the trade mark 'TOYO' in Malaysia;

(iv) the first respondent trade mark 'TOYO' was registered without good faith to 'use' and that it was not used for a continuous period of twenty three years;

(v) the second respondent was merely 'trafficking' in the trade mark;

(vi) the registration of the second respondent as a registered user was contrary to ss 14 and 48(7) Trade Marks Act 1976.

[12] In response, the respondents had denied all the said allegations and had also raised further facts and issues. The applicant had presented various documents which the respondents have raised questions as to their authenticity and admissibility. The applicant had further presented a survey to support its claim but this in turn had been denied by the respondents and is hearsay and self serving.

[13] The evidence in the proceeding was adduced by way of affidavits from both sides. All along, there were disputes on the affidavits by the applicants. The authenticity of the documents tendered by the applicant in their affidavits is questionable. No witness was called to give oral evidence to support the applicant's application. The court has to resolve disputes in this case based only on disputed facts from affidavits. Under such a situation, the court has

to be critical of the affidavit evidence. In the absence of oral evidence or cross-examination on the affidavits, the court has to ignore the disputed allegations and decide the fate of this case by consideration of the undisputed facts only.

[14] In this respect the court is bound to follow the rule as laid down by the court of Appeal in *Syarikat Telekom Malaysia v Business Chinese Directory Sdn Bhd* [1996] 3 MLJ 692 where it was held:

> While it was undesirable to resolve disputes on affidavit evidence, judges were expected to be critical of the affidavit evidence which must on the face be at least plausible. If allegations were made in affidavits by one party and those allegations were credibly denied by the other party, then in the absence of oral evidence or cross-examination, the judge must ignore the disputed allegations and decide the fate of the case by consideration of the undisputed fact.

[15] The undisputed facts as per the official records of the trade marks register of Malaysia are:

(i) the fact of registration of the trade mark 'TOYO' in the name of the first respondent;

(ii) the fact of registration of the second respondent as a registered user of the 'TOYO' trade mark; and

(iii) the fact of registration of Toyo Stationery Corporation (M) Sdn Bhd as another registered user of the 'TOYO' trade mark.

[16] As opposed to the above, none of the applicant's exhibits or documents were primary documents or official records and none of these exhibits had been proved.

Section 45(1)(a) of the Trade Marks Act 1976

[17] Section 45(1)(a) of the Trade Marks Act 1976 provides:

> (1) Subject to the provisions of this Act:
>
> (a) the court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the register of any entry or by any entry made in the register without sufficient cause or by any entry wrongly remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit.

[18] Sub-section (b) of the same s 45(1) provides that the court may in any proceedings under the s decide any question that may be necessary or expedient to decide in connection with the rectification of the register.

[19] In the present application, the applicant claimed that it is a 'person aggrieved' under the provisions. The applicant claimed that the entry of the second respondent as 'registered user', in the register of the trade marks in respect of the trade mark 'TOYO' was without sufficient cause and/or such entry was wrongfully remaining in the register.

[20] The second respondent in this case is a 'registered user' of the said trade mark. The relevant provisions relating to 'registered user' is s 48(1) of the Trade Marks Act 1976 which provides as follows:

> 48. Registered users
>
> (1) Subject to the provisions of this s, where the registered proprietor of a trade mark grants, by lawful contract, a right to any persons to use the trade mark for all or any of the goods or services in respect of which the trade mark is registered, that person may be entered on the register as a registered user of the said trade mark whether with or without any conditions or restrictions, *provided* that it shall be a condition of any such registration that the registered proprietor shall retain and exercise control over the use of the trade mark and over the quality of the goods or services provided by the registered user in connection with that trade mark.

[21] The above provisions of s 48(1) clearly allow the first respondent, as a registered proprietor of the trade mark 'TOYO' to grant by lawful contract a right to the second respondent and Toyo Stationery Corporation (M) Sdn Bhd to use the trade mark for all or any of the goods in respect of which the trademark is registered and that they be entered on the register as 'registered users'.

[22] On the facts, the first respondent having granted the second respondent and Toyo Stationery Corporation (M) Sdn Bhd the rights to use the TOYO' trade mark has thereafter complied with the requirements of s 48(2) of the same Act. Section 48(2) provides as follows:

> (2) Where it is proposed that a person shall be registered as a registered user of a trade mark, the registered proprietor shall submit an application to the Registrar for the registration of that person as a registered user of the trade mark and such application shall be accompanied by the prescribed fee and the following information:
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> (a) the representation of the registered trade mark;
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> (b) the names, addresses, and addresses for service of the parties;
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> (c) the goods or services in respect of which the registration is proposed;
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> (d) any conditions or restrictions proposed with respect to the characteristics of the goods or services, to the mode or place of permitted use or to any other matter; and

A (e) whether the permitted use is to be for a period or without limit of period and if for a period, the duration of that period,'

[23] The registrar of trade marks having examined the documents submitted had thereafter entered the particulars on the register and subsequently issued the certificates of notification of registered user in compliance with s 48(4) of the same Act, which provides as follows:

(4) On receipt of an application for registration of a person as a registered user of a trade mark under sub-section (2), the Registrar shall enter on the register all the particulars required to be provided there under.

[24] On the facts, the second respondent and Toyo Stationery Corporation (M) Sdn Bhd have since 11 October 2002 and 23 March 2004 respectively been placed on the register of trade marks by the first respondent. Therefore, the allegation by the applicant that *'as against the second respondent and Toyo Stationary Corporation (M) Sdn Bhd, they falsely claimed a right to use based on a registered user Agreement'* is clearly baseless and not true. The relevant documents of the respondents have been properly filed and efficiently accorded recognition by the registrar of trade marks as evidenced by the issuance of the certificate of notification of registered user by the registrar of trade marks. These facts have not been disproved by the applicant.

[25] The applicant alleged that it is an 'aggrieved person' for the purpose of s 45(1)(a) of the Act and prayed that the second respondent be expunged and removed as a registered user from the register of trade marks as an entry made in the register without sufficient cause or an entry wrongfully remaining in the register.

[26] Section 45(2) of the same Act allows the court to decide any question that may be necessary or expedient to decide in connection with the rectification of the register. In order to do so, there must be full facts placed before the court. The applicant must place before the court all relevant and material facts for consideration by the court. The court cannot just rely on disputed facts in the affidavits.

[27] In the present case the applicant had presented some alleged facts as contained in some documents and the documents as presented had been challenged by the respondents. The respondents on the other hand had alleged infringement, illegality, *mala fide*, coming to court with unclean hands, document not authentic, no full and frank disclosure and attempt to use the court to give legitimacy to its illegal acts and abuse of court processes amongst others. The applicant's affidavit-in-reply contained just mere demand and more contested documents including a contested survey.

[28] The applicant seems to place great reliance on the affidavit of one Ho Ser Cheng, who has an interest in the outcome of this proceeding. As such his affidavits are more likely then not to be bias and the court has to exercise caution in accepting his affidavit.

Trafficking in a Trade Mark

[29] The applicant also submitted that the first respondent is not interested in promoting its merchandise but merely licensed out its 'TOYO' mark as if it is a commodity through the registered user. Thus, the applicant submitted that the record of the second respondent as a registered user facilitated 'trafficking' in the 'TOYO' trade mark and therefore it is an entry wrongly made in the register i.e. without sufficient cause or an entry wrongfully remaining in the register of trade marks. To support this submission, the applicant relied on the affidavit of one Quek How Liang, of De' Quek Trading Pte Ltd, a company incorporated in Singapore, who had admitted to be the supplier of Toyo Stationery products to the first and second respondent and Toyo Stationery Corporation (M) Sdn Bhd As such the applicant claimed that the first respondent does not have goods of its own for which the second respondent could market and distribute.

[30] As to what is 'trafficking in a trade mark, it is necessary to appreciate the case of *Re American Greeting Corp's Application* [1984] 1 All ER 426, where the House of Lords dealt with the issue. In that case, an American company was the proprietor of a trade mark comprising the fictional character of a girl called 'Holly Hobbie'. It was well known in the USA and the appellants entered into licensing agreements with merchandising traders in the United Kingdom to use the 'Holly Hobbie' mark there. Application supported by registered user agreements accompanied each and every application. But the registrar refused to grant the application on the ground that the grant of registered user status would tend to facilitate 'trafficking' in the appellant's trade mark. On appeal, the court of Appeal upheld the decision. The appellant then appealed to the House of Lords. Lord Brightman expressed the following views:

> Trafficking in a trade mark means dealing in a trade mark primarily as a commodity in its own right rather than for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested.
>
> If there was no real trade connection between the proprietor of the mark and the licensee of his goods, the registrar was entitled to conclude that the grant of the licence to use the trade mark to promote the licensee's goods amounted to trafficking in the mark.

[31] As was expressed by Lord Brightman at p 428, 'trafficking' is used to signify the exploitation of a well-known invented name where the author or promoter of the name licenses (that is the registered proprietor) or purports

to license its use on the goods of traders who have no other connection with the licensor.

[32] And at p 431, 'trafficking extends to any conduct carried out or intended to be carried out in respect to of a mark or a proposed mark with a view to commercial gain which is not bona fide exploitation of that mark in pursuance of the true function of a trade mark *viz*, its use 'in relation to goods for the purpose of indicating or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark.'

[33] In the present case, the issue of 'trafficking' is a question of facts and degree. It can only be proved by oral testimony supported by documents at a trial proper. The applicant cannot prove this issue just merely based on disputed affidavits. The applicant had not provided sufficient proof that there is 'trafficking' in the trade mark. The applicant relied on the decision of the court in the *American Greeting* case. The court agrees that the principal of law relating to the issue, ie 'trafficking' in a trade mark, as expressed in that case, is applicable for our purpose. But the finding upholding the decision of the registrar refusing registration of registered users, must confine to the peculiar facts of that case only. That finding of facts may not be applicable to the facts of the present case. The facts of that case have to be distinguished from the facts of the present case.

[34] That case (*American Greeting*) involved a registered trade mark in the United State (USA). The company then applied to file application to register and use the trade marks in the United Kingdom (UK). The case also involved 12 applications for registration of the trade marks (in 12 classes) and 12 applications for registration of registered users at the same time and simultaneously character merchandising took place and not use of one registered mark on one class of goods.

[35] That case can also be distinguished in that licences were given to merchandising traders first and then only were there applications to file the trade mark and application to file the registered users of the trade mark done.

[36] In this present case, the first respondent's only trade mark TOYO' was already registered and renewed in the name of the first respondent. Then the registered users were registered. Then only was the trade mark used on one class of goods. Further, no character merchandising was involved. Also, the facts indicating the steps and time taken between the different acts are clearly reflected in the documents of the respondents. Finally, the 'TOYO' trade marked goods has been and can now be found all over Malaysia.

[37] Even in the *American Greeting* case, the House of Lords had ruled that 'whether a sufficient trade connection existed was a question of fact and degree in every case'.

[38] The court is of the view that it is an issue of facts in each particular case to conclude whether there is 'trafficking' of trade mark. There must be sufficient materials before the court to decide on the issue. The applicant cannot sufficiently rely on the disputed affidavit of one Quek How Liang, a third party (Singaporean) who alleged that the goods in question come from TOYO Stationery Corporation Pte Ltd and TOYO Pen Co Ltd of Singapore, and not from the first respondent. Therefore, the court rules that the applicant allegation about 'trafficking' in a trade mark by the respondents is baseless and has not been proved before this Court.

Section 46(1) of the Trade Marks Act 1976

[39] Under this section, the applicant prays that the trade mark 'TOYO' Registration No M081817 in Class 16 'for various types of colour ink for pen, ball pen and printing ink, and stationery' in the name of the first respondent be expunged and remove for 'non-use' from the register of trade marks, Malaysia. Section 46(1) of the Act provides as follows -

> 46. Provisions as to non-use of trade mark
>
> (1) Subject to this section and to section 57, the court may, on application by a person aggrieved, order a trade mark to be removed from the register in respect of any of the goods or services in respect of which it is registered on the ground -
>
> (a) that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or it was registered under sub-section (1) of s 26, on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or
>
> (b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

[40] One of the conditions that a trade mark must fulfil if it is to remain on the register is that it must be 'used' either by the proprietor or 'registered users'. Thus s 46(1) of the Act provides that, on the application of an aggrieved

person, the court may order the removal of a trade mark from the register in respect of any goods or services of which it is registered on either of the two grounds as provided under sub-paras (a) and (b) of the section.

[41] To succeed under s 46(1)(a) of the Act, the applicant needs to prove both the following ingredients:

(a) that there was no intention in good faith on the part of the applicant for registration of the trade mark, to 'use' the trade mark in relation to those goods or services; and

(b) that there has in fact been no 'use' in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application.

[42] Because it is often be difficult to prove that there was no intention to use a trade mark at the time of its registration, s 46(1)(b) will provide the more usual ground upon which removal for non-use will be sought. Under this sub-para (b) all that applicant must show is that there has been no use in good faith of the mark during a continuous period of three years up to one month before the making of the application.

[43] In both sub-paras (a) and (b) of s 46(1), the words 'good faith' play a role. In this context, the *Law of Intellectual Property* by Staniforth Ricketson, at para 37.13 at p 727 states as follows:

> In this context, 'good faith' means 'genuine', rather than 'honest' or 'without deceit or intention to defraud'. Thus, the intended or actual use must not be colourable, as would be the case where the mark is used in advertisements without the goods or services in respect of which it is used being made available.

[44] It is the onus of the applicant in this case to establish a *prima facie* case of 'non-use' of the trade mark 'TOYO' both by the first respondent as the registered proprietor as well as by the second respondent as registered user. In this context the use of the said trade mark by the second respondent as registered user shall be deemed to be use by the registered proprietor (the first respondent) as provided under s 48(5) of the same Act which says:

> (5) Where a person has been registered as a registered user of a trade mark, the use of that trade mark by the registered user within the limits of his registration shall be deemed to be use by the registered proprietor of the trade mark to the same extent as the use of the trade mark by the registered user and shall be deemed not to be use by any other person.

[45] If the applicant fails to establish such *prima facie* case of 'non-use' of the trade mark, there would be no requirement for the registered proprietor (the first respondent) to show that it had used the mark in question during the

relevant period. This principle is supported by the *Law of Intellectual Property* by Staniforth Ricketson — at para 37.17 at p 730 where in the following was stated:

> It is clear from the cases that there is an onus upon a s 23 applicant to establish that there has been no use in good faith of the mark by the registered proprietor during the relevant period. Thus, if the applicant fails to establish a prima facie case of non-use, there is no requirement for the registered proprietor to show that it has used the mark upon any of the goods or services in question.

[46] In this present case, the applicant alleged that the first respondent registered and renewed the trade mark without an intention in good faith to use and in fact there has been no use in good faith of the trade mark in relation to those goods, that is, stationery items in Class 16, s 46(1)(a) of the Act clearly states that in order for a party to invoke the provision, it is a clear requirement that 'for the time being up to the date one month before the date of the application' there has been no use in good faith of the trade mark in relation to those goods by the registered proprietor and registered user. Section 46(1)(a) begins with the phrase '... the court may, on application by a person ...' and ends with the phrase 'one month before the date of the application.' These two phrases refer to the date of the application to remove or expunge the trade mark for non-use. In this present case, therefore, the material date on which the court has to determine whether there is use or non-use of the trade mark is one month before the date of filing of the present application (i.e. 7 April 2004). In relation to the one month period, Chapter 25, para 25.62 of the *Manual of Trade Mark Law & Practice in Malaysia* (1989) states the followings -

> 25.62.The purpose of the one month provision is to prevent a proprietor getting wind of the proposed action and attempting to ward it off by use embarked upon solely for the purpose and without any genuine intention to trade under the mark. Those who intend to launch rectification actions must do so without delay.

(This manual is still in use by the registrar of trade marks, Malaysia).

[47] On the facts this present application was filed on 7 April 2004. One month before, would be 7 March 2004. The question is: Up to this material date (7 March 2004) was the trade mark in use either by the first respondent (as registered proprietor) or by the second respondent (as registered user)?.

[48] On the facts, since 28 March 1979, the first respondent has been and still the registered proprietor of the trade mark 'TOYO' under Registration No M081817 for 'various type of colour ink for pen, ball pen and printing ink and stationery' (Class 16 goods) and the trade mark has been renewed until 28 March 2010. Since 25 July 2002 and 3 March 2004 respectively the second respondent and Toyo Stationery Corporation (M) Sdn Bhd were registered as

registered users. Since 28 March 1979, 11 October 2002 and 23 March 2004 respectively the first respondent, second respondent and Toyo Stationery Corporation (M) Sdn Bhd as proprietor and registered users have been legally and validly placed on the register of trade marks. These facts were affirmed by the registrar of trade marks by issuing the certificate of registration and renewal, and the certificate of notification of registered users. These facts had not been disproved by the applicant.

[49] The first respondent, second respondent and Toyo Stationery Corporation (M) Sdn Bhd as proprietor and registered users had in the course of trade widely use the trade mark 'TOYO' on stationery items (see para 25 of encl 2 and exhs 'HSC—13(a), (b) (c), (d), (e), (f), (g) and (h) and in particular paras 6.1 to 6.14 of encl 3 and all the exhibits attached thereto). The first respondent and Toyo Stationery Corporation (M) Sdn Bhd are also presently still using the trade mark 'TOYO' on stationery items bearing the said trade mark, as can be seen in all branches of Popular Book Co (M) Sdn Bhd throughout Malaysia, (see paras 6.10 to 6.14 of encl 3) These facts are admitted by the applicant in para 7 of encl 5 when it says:

> ... responden pertama berniaga bagi barangan alat-tulis yang diklasifikasikan di bawah Kelas 16 di bawah '8th Nice International Classification of Goods' yang serupa dengan Pemohon.

[50] In paras 23 and 26 of encl 2, and exh 'HSC–14' the applicant in its own words admitted the following:

> Para 23 ... pada atau lebih kurang pada bulan Januari 2003, deponen menyedari bahawa responden kedua telah mempromosi dan memasarkan peralatan alat-tulis dengan menggunakan cap dagangan 'TOYO' yang merupakan cap dagangan responden pertama.
>
> Para 26 ... Pada 29 Februari 2004, saya telah membeli sekotak minyak kapur pastel 'TOYO' yang mempunyai cap dagangan responden pertama dari sebuah kedai yang dikenali sebagai Popular Book Store di Ipoh.

[51] The applicant had also, in its affidavit-in-reply (para 21, of encl 5) admitted the following:

> In addition, the first and second respondents and Toyo Stationery Corporation (M) Sdn Bhd have and are continuing to use the trade mark 'TOYO' on Class 16 goods since the execution of the registered user Agreements, ie since 25 July 2002 and 3 March 2004.

[52] On the question of how much constitutes 'use' for the purpose of s46(1) of the Act, the court adopts the decision in *'Nodoz' Trade Mark* (1962) RPC 1, where the High Court of Justice — Chancery Division held that 'a single act of sale was considered sufficient'.

[53] Based on the above, the court is satisfied that the respondents have clearly shown 'use' of the TOYO' mark on or before 7 March 2004 (the material date for determining whether there was 'use or 'non-use' of the mark). Therefore, the applicant cannot use s 46 (1)(a) of the Act to remove or expunge the first respondent's trade mark as the respondent had used the trade mark for the time being up to the date of one month before the date of the applicants present application.

[54] The applicant had also not proved that there was no bona fide intention or no intention in good faith on the part of the first respondent at the time of registration to use the said trade mark in relation to those goods in question. The above considerations have shown proof that there is *bona fide* use or use in good faith of the said trade mark by the first respondent, (as registered proprietor) second respondent as well as Toyo Stationery Corporation (M) Sdn Bhd (as registered users). It has been noted earlier that the use of the trade mark by the registered users within the limits of their registration shall be deemed to be use by the registered proprietor to the same extent as the use of the trade mark by the registered users, (see: s 48(5) of the Trade Marks Act 1976). The use of the trade mark TOYO' by the registered users constitutes use by the registered proprietor, that is, the first respondent. There is no sufficient evidence adduced by the applicant to show that the use of the trade mark by the respondents was not genuine or not in good faith. The respondent had shown that the use of the said trade mark as genuine and in good faith on their part and therefore (as stated in the *Law of Intellectual Property* by Staniforth, Ricketson, para 37.13 at p 728), it does not matter how limited it has been in use during the relevant period. There is an onus upon the applicant to establish that there has been no use in good faith of the said trade mark by the respondents during the relevant period. The applicant has failed to establish a *prima facie* case of non-use.

[55] The next question is whether the applicant can use s 46(1)(b) of the Act to achieve its purpose — ie to remove or expunge the first respondent's trade mark 'TOYO'. Under s 46(1)(b) of the Act, the court may remove the trade mark from the register on the ground that up to one month before the date of the applicant's application a continuous period of not less that three years had elapsed during which there was no use in good faith of the trade mark in relation to those goods by the registered proprietor and registered user for the time being.

[56] Based on the same facts and consideration for s 46(1)(a) above, the court is also satisfied that there are sufficient evidence to show that the trade mark 'TOYO' had continuously been in 'use' by the first respondent, second respondent and Toyo Stationery Corporation (M) Sdn Bhd up to one month before the date of the applicant's application ie on 7 March 2004. Therefore,

the question of a continuous period of not less than three years had lapsed during which the said trade mark was not in 'use' does not arise. Thus, s46(1)(b) of the Act does not help the applicant in this case.

Common Law User of Trade Mark

[57] The applicant by providing various facts indicating the use of 'TOYO' and 'e-TOYO' by the applicant since 1997, (see: paras 10, 11 and 12 of encl2, and paras 7, 8, 9, 10, 11, 12, 21 and 22 of encl 1; and paras 7 and 8 of encl 4) purportedly based on ground of first user under the common law, Based on the documents presented, the applicant clearly know since 28 July 1995 that the first respondent was the registered proprietor of the trade mark 'TOYO'. The applicant had sought legal advice and had been advised accordingly (see: paras 20–21, encl 3). If the applicant is acting honestly or without *mala fide*, it could have filed the application to remove or expunge the said trade mark TOYO' in or around 28 July 1995. But it did not do so, and instead continued to use the said trade mark deliberately ignoring the fact of registration of the validly, subsisting and enforceable trade mark Registration No M011817 registered in the name of the first respondent. This is clearly an act of infringement by the applicant under s 38(1)(a) and (b) of the Trade Marks Act 1976 which provides as follows

Section 38 Infringement of a trade mark

(1) A registered trade mark is infringed by a person who, not being the registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —

(a) as being use as a trade mark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as a registered proprietor or as a registered user to use the trade mark or to goods with which the person is connected in the course of trade.

[58] The applicant's acts in continuing to use the trade mark are tainted with illegality. It has been said that registration of a trade mark asserts a title against the world (see: *Re Joseph Crosfield & Sons Ltd* (1910) 26 RPC 837, CA; *Registrar of Trade Marks v W & G Du Cros Ltd* (1913) 30 RPC 660 HL; and *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [1997] 4 MLJ 360).

[59] In *Fazaruddin*'s case, it was held that: **A**

> As a common law proprietor, the applicant was not entitled to restrain a later user who was an honest concurrent user of the same trade mark.

[60] The registration of the trade mark under the name of the first respondent is, for all intend and purposes, valid. Section 36 of the Trade Marks Act 1976 provides that in all legal proceedings relating to a registered trade mark (including applications under s 45) the fact that a person registered as proprietor of the trade mark shall be *prima facie* evidence or the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof. Section 37 of the Act further provides that such registration of the trade mark shall, after the expiration of seven years (from the date of registration) be taken to be valid in all respects unless it is shown: **B** **C**

(a) that the original registration was obtained by fraud;

(b) that the trade mark offends against s 14; or **D**

(c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor.

[61] In the present case, the applicant had not in any way shown that the registered proprietor's mark had come within any of the three exceptions under s 37 above. Therefore, the first respondent's valid registration of the said trade mark override common law user status of the applicant and as such he applicant is indeed infringing on the said trade mark rights of the first respondent. Infringement of a trade mark is illegal and prohibited under s 38(1) of the Trade Marks Act 1976. **E** **F**

[62] The affidavits of the applicant, particularly by Ho Ser Chong, are tainted with illegality and as such the applicant cannot be allowed to avail itself of the provisions of ss 45 and 46 of the Trade Marks Act 1976. In this respect, the court is in full agreement with Abdul Malik Ishak J in *Fazaruddin*'s case, when he said — **G**

> It is a correct statement of the law to say that neither law nor equity would assist a fraudulent trade, *ex turpi causa non oritur actio* (no right of action arises from a bad cause).

H

[63] In that case, his lordship quoted with approval the following words of Lindley LJ in *Scott v Brown Doerning McNab & Co* (1892) 2 QB 724 at p 728; (1891–94) All ER Rep 654 at p 657):

> *Ex turpi causa non oritur actio.* This old and well-known legal maxim is founded in good sense and expresses a clear and well-recognised principle, which is not confined to indictable offences. No Court ought to enforce an illegal contract or allow itself to be made the instrument of enforcing obligations alleged to arise out of a **I**

> contract or transaction which is illegal, if the illegality is duly brought to the notice of the court, and if the person invoking the aid of the court is himself implicated in the illegality. It matters not whether the Defendant has pleaded the illegality or whether he has not. If the evidence adduced by the Plaintiff proves the illegality the court ought not to assist him. If authority is wanted for this proposition, it will be found in the well-known judgment of Lord Mansfield in *Holman v Johnson* (1775) 1 Cowp 341, (1775-1882) All ER Rep 981.

Abuse of the Process of Court

[64] The present application was filed after the respondents initiated a series of infringement proceedings relating to the same trade mark such as warning letters to aides and abettors of the applicant as well as two infringement suits — namely, Guaman No. 22–517 of 2004 and 22–577 of 2004, at the Kuala Lumpur High Court Suit No. 22–517 of 2004 is against the applicant itself. The suits are still pending. By filing the present application the applicant has attempted to abuse the process of Court by purportedly taking an action under ss 45 and 46 of the Trade Marks Act, but a critical examination of the unproved facts of the applicant would show clearly that the applicant is claiming rights under the unregistered trade marks and trying to stop the registered proprietor of the trade mark 'TOYO' from exercising its statutory rights against the applicant for infringement.

[65] The applicant knew clearly that it is not the registered of the trade mark 'TOYO'. The applicant knew clearly that the registered proprietor of the trade mark 'TOYO' is the first respondent and the second respondent is at all material times, the registered user of the said trade mark. If the applicant claim that they owned the trade mark TOYO', then it is clearly an unregistered trade mark under the Trade Marks Act 1976 . The applicant is also not a registered user of the said trade mark. Section 82(1) of the Trade Marks Act 1976 clearly provides that no person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark. To file the present application under the circumstances of the case clearly is an abuse of the process of Court. In para 13 of the grounds of application the applicant states as follows:

> Responden ke-2 telah merampas (usurped) dan mencabuli (infringed) hak eksklusif pemohon untuk mengguna, dengan memperniagakan produk peralatan alat-tulis sejak tahun 2002 dengan menggunakan cap TOYO responden pertama ...

[66] Based on the above paragraph, it is clear that the applicant is saying that the respondent are infringing on his unregistered trade mark.

[67] The first respondent is the registered proprietor of the said trade mark. As a registered proprietor, the first respondent is clothed with some statutory rights under the Trade Marks Act 1976.

[68] In this context, the court is in full agreement with Abdul Malik J in *Fazaruddin*'s case when he said:

> As a registered proprietor, the applicant had the exclusive right to the use of the mark, in relation to those goods, subject to any conditions, amendments, modifications or limitations entered in the register. The applicant therefore had the right to exclude the use of the marks by others. Anyone who used the mark without the applicant's consent would infringe that right and could be sued in Court.

[69] Under s 82(1) of the Act, the first respondent (being the registered proprietor) has the right to initiate infringement proceedings against anybody in order to protect its interest under the Act. If at all the applicant thinks that it has better rights over the said trade mark as compared to the first respondent's rights, then the proper forum is to defend the suit Guaman No 22–517 of 2004 against it which is still pending at the Kuala Lumpur High Court, but not by filing a separate application as in the present case.

Issue of Confusion and Deception

[70] The applicant had also raised the issue that the trade mark 'TOYO', as used by the respondents would likely to deceive or cause confusion to the public or would be contrary to law.

[71] The court cannot find any reliable proof to support the said allegation by the applicant. The only complaint of confusion and deception is from the applicant itself. Also, the only source of marks that are likely to deceive or cause confusion to the public is the use by the applicant of the 'TOYO' and 'e-YOYO' trade marks without the consent or licence of the first respondent.

[72] As far as the law is concerned, s 14(a) of the Trade Marks Act 1976 provides that a mark or part of a mark shall not be registered as a trade mark if the use of which is likely to deceive or cause confusion to the public or would be contrary to law. Section 48(7) of the Act further provides that were the case of a trade mark by any person entitled to use it would likely to deceive or cause confusion, the court may order that the trade mark be removed from the Register.

[73] However, before the court invokes s 48(7), there must be sufficient materials or reliable evidence before the court to show that the use of such registered trade mark is likely to cause confusion or to deceive the public. The applicant in the present case has failed to provide such proof or evidence.

[74] The law on this issue was made clear by Lord Diplock in his decision in *GE Trade Mark* (1873) HL RPC 297, where he said the following:

> The legal status of a registered trade mark the use of which is likely to cause confusion can be summarised as follows:

(1) The fact that the mark is entered on the register is *prima facie* evidence of the validity of the original registration and of the right of the registered proprietor to the exclusive use of the mark, subject however to the rights of concurrent user by any registered proprietor of an identical marks or one nearby resembling it;

(2) If the mark was likely to cause confusion at the time when it was first registered it may be expunged from the register as an 'entry made in the register without sufficient cause' unless the proprietor of the mark at that time would have been entitled to have it entered on the register by reason of his honest concurrent use of the mark as a trade mark before the original registration of the mark;

(3) If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the register as an entry wrongly remaining on the register, unless the likelihood of causing deception resulted from some blameworthy act of the registered proprietor of the mark or of a predecessor in title of his as registered proprietor;

(4) Where a mark is liable to be expunged under (2) or (3) the court has a discretion whether or not to expunge it and as to any conditions or limitations to be imposed in the event of it being permitted to remain on the register.

[75] In the present case, there is no reliable proof adduced by the applicant to show that the said trade mark was likely to cause confusion at the time when it was first registered. There is no proof to show that the likelihood of causing deception (if any) resulted from some blameworthy act of the registered proprietor (the first respondent) or registered users (the second respondent and Toyo Stationery Corporation (M) Sdn Bhd). If at all there was confusion, then the only source of the confusion is the acts of the applicant itself in using the same trade mark without licence from the first respondent. Therefore, the court is satisfied this argument of the applicant is baseless.

Fraud on the Registrar

[76] The applicant also submitted that there is fraud on the registrar of trade marks committed by the first respondent. To support this, the applicant submitted that there is no nexus between the 'TOYO' trade mark of the first respondent and the products manufactured for or supplied to the first respondent and therefore the first respondent as the registered proprietor of the mark does not maintain control over the quality of the goods as required by s 48(1) of the Trade Marks Act 1976 and due to this reasoning, the applicant alleged that the registration of the second respondent as registered user by the first respondent is deemed to be 'trafficking' and consequently fraud on the register.

[77] The applicant asserted that there must be a nexus between the 'TOYO' trade mark of the first respondent and the products manufactured for a supplied to the first respondent in order for the first respondent to maintain control over the quality of the goods as required by s 48(1) of the Act. In the present case, the applicant alleged that the goods and stationery products were those from or belonging to another company, that is De' Quek Trading of Singapore who owns the 'Toyo', a registered trade mark in Singapore. On this issue the court would like to highlight an observation made by the court in *Bastich Trade Mark (Validity)* (1963) RFC 183. In that case it was held *inter alia* that:

> A trade mark owner could modify the way his goods reached the market such as by changing the locality of manufacture or employing a sub-contractor to produce the goods. His mark only becomes vulnerable if he permitted its use in a manner which was calculated to deceive or cause confusion.

[78] The respondents did not dispute that De' Quek Trading of Singapore is a supplier of the goods to the respondents. The goods need not be manufactured by the registered proprietor or register user. The decision in *Bastich* case clearly indicates that the registered proprietor or registered user may employ another party or sub-contractor to produce or manufacture the goods for them. The decision in that case also defeat the presumption of the applicant that control over the quality of the goods can only come about when the goods are produced or manufactured by the registered proprietor only. No where in the Trade Marks Act 1976 is it stated that a registered proprietor or registered user must sell or distribute only the goods produced or manufactured by them. In fact, the s relating to this issue, that is s 48(1) of the Trade Marks Act 1976 clearly states the opposite and allows goods provided by the registered user to be used with the trade mark of the registered proprietor provided the registered proprietor retains or exercises control over the use of the trade mark and the quality of the goods of the registered users. Also, the observation in *Bastich* case clearly supports this point.

[79] The applicant has not shown any proof of any party or persons complaining of the quality of the goods bearing the trade mark 'TOYO'. Therefore the bare assertion of the applicant that the respondents could not exercise control over the use of the trade mark and the quality of the goods clearly cannot be an issue before this court. Thus, the question of fraud as alleged by the applicant does not arise.

Decision

[80] Based on the aforesaid considerations the court is satisfied that the applicant has not made out a case for rectification under s 45(1)(a) of the Trade Marks Act 1976 as well as a case for removal of the trade mark 'TOYO'

A from the register under s 46(1) of the same Act. Therefore, the applicant's application *vide* originating motion (encl 2) be dismissed with costs.

Application dismissed.

Reported by AG Kalidas

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